

ASX principles compliance statement

This table provides a description of the manner in which Servcorp complies with the ASX Corporate Governance Principles and Recommendations or, where applicable, an explanation of any departures from the Principles. Compliance has been measured against the 4th edition of the Principles and Recommendations.

RECOMMENDATION	SERVCORP BOARD RESPONSE
<p>Principle 1 Lay solid foundations for management and oversight <i>A listed entity should clearly delineate the respective roles and responsibilities of its board and management and regularly review their performance.</i></p>	
<p>Recommendation 1.1</p>	
<p>A listed entity should have and disclose a board charter setting out:</p> <ul style="list-style-type: none"> a) the respective roles and responsibilities of its Board and management; and b) those matters expressly reserved to the Board and those delegated to management. 	<p>The Board has adopted a charter that sets out the Board and management’s respective roles and responsibilities, and those matters expressly reserved for the Board and those delegated to management. Primary responsibilities are set out in the annual report.</p> <p>The Board charter is available on Servcorp’s website; servcorp.com.au/en/about-us/corporate-governance/</p>
<p>Recommendation 1.2</p>	
<p>A listed entity should:</p> <ul style="list-style-type: none"> a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a Director; and b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a Director. 	<p>The board charter requires appropriate checks be undertaken before appointing a person as a Director or senior executive.</p> <p>All relevant material information to make an informed decision on whether or not to elect or re-elect a Director is provided to shareholders in the notice of meeting.</p>
<p>Recommendation 1.3</p>	
<p>A listed entity should have a written agreement with each Director and senior executive setting out the terms of their appointment.</p>	<p>Servcorp has a written agreement with each non-executive Director setting out the terms of their appointment.</p> <p>Servcorp has a written agreement with each senior executive setting out the terms of their employment.</p>
<p>Recommendation 1.4</p>	
<p>The Company Secretary of a listed entity should be accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.</p>	<p>The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board, including all matters included in the commentary to this recommendation.</p>

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<p>Principle 1 Lay solid foundations for management and oversight <i>A listed entity should clearly delineate the respective roles and responsibilities of its board and management and regularly review their performance.</i></p>	
<p>Recommendation 1.5</p>	
<p>A listed entity should:</p> <ul style="list-style-type: none"> a) have and disclose a diversity policy; b) through the Board or a committee of the Board set measurable objectives for achieving gender diversity in the composition of its Board, senior executives and workforce generally; and c) disclose in relation to each reporting period: <ul style="list-style-type: none"> (1) the measurable objectives set for that period to achieve gender diversity; (2) the entity's progress towards achieving those objectives; and (3) either: <ul style="list-style-type: none"> (A) the respective proportions of men and women on the Board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or (B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act. 	<p>Servcorp has not established a written policy concerning diversity. Servcorp has a culture that both embraces and achieves diversity in its global operations. The establishment of a written policy with measurable objectives for achieving gender diversity would not, in the Board's view, bring any efficiency or greater benefit to the current diverse culture.</p> <p>The Board has not set measurable objectives for gender diversity. Servcorp is culturally diverse in its employment practices and has a global culture of employing the best qualified available talent for any position regardless of gender, age, race or religion. Servcorp benefits from the diversity of its team members and has training programs to assist with developing their skills and with career advancement. Servcorp travels team members to work in its global locations, giving them exposure to, and understanding of, various differing cultures and marketplaces.</p> <p>Servcorp has a high participation of women across all employment levels, including in senior executive positions. There is one woman on the Board. The composition of the current Board is merit based and accordingly, in the view of Directors, is appropriate to maximise commercial returns for the benefit of shareholders. The respective proportion of men and women team members in Servcorp is provided in the corporate governance section of the annual report each year.</p> <p>"Senior executive" are general managers, senior managers and head office executives who report directly to the CEO.</p>
<p>Recommendation 1.6</p>	
<p>A listed entity should:</p> <ul style="list-style-type: none"> a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual Directors; and b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period. 	<p>The Board operates under a charter and a code of conduct which recognises that strong ethical values must be at the heart of Director and Board performance.</p> <p>The non-executive Directors evaluate the performance of the Board, its committees and individual Directors. As a tool to evaluation, a questionnaire is completed annually by each non-executive Director, with the responses assessed and discussed by the non-executive Directors.</p>

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<p>Recommendation 1.7</p>	
<p>A listed entity should:</p> <ul style="list-style-type: none"> a) have and disclose a process for evaluating the performance of senior executives at least once every reporting period; and b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period. 	<p>The process for evaluating the performance of senior executives is included in the remuneration report in the annual report each year.</p>
<p>Principle 2 Structure the Board to be effective and add value <i>The board of a listed entity should be of an appropriate size and collectively have the skills, commitment and knowledge of the entity and the industry in which it operates, to enable it to discharge its duties effectively and to add value.</i></p>	
<p>Recommendation 2.1</p>	
<p>The Board of a listed entity should:</p> <ul style="list-style-type: none"> a) have a nomination committee which: <ul style="list-style-type: none"> (1) has at least three members, a majority of whom are independent Directors; and (2) is chaired by an independent Director, and disclose: <ul style="list-style-type: none"> (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or b) if it does not have a nomination committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively. 	<p>The Board has established a nomination committee:</p> <ul style="list-style-type: none"> (1) all three members are independent non-executive Directors; (2) the chair of the committee is an independent Director; (3) the charter of the committee is available on Servcorp's website; servcorp.com.au/en/about-us/corporate-governance/ (4) the members of the committee are disclosed in the annual report; (5) the number of times the committee meets during each year is disclosed in the annual report.

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<p>Principle 2 Structure the Board to be effective and add value <i>The board of a listed entity should be of an appropriate size and collectively have the skills, commitment and knowledge of the entity and the industry in which it operates, to enable it to discharge its duties effectively and to add value.</i></p>	
<p>Recommendation 2.2</p>	
<p>A listed entity should have and disclose a Board skills matrix setting out the mix of skills that the Board currently has or is looking to achieve in its membership.</p>	<p>The current non-executive Directors each bring a mix of skills and experience to the Board. A Board skills matrix is available on Servcorp's website; servcorp.com.au/en/about-us/corporate-governance/</p>
<p>Recommendation 2.3</p>	
<p>A listed entity should disclose:</p> <ul style="list-style-type: none"> a) the names of the Directors considered by the Board to be independent Directors; b) if a Director has an interest, position or relationship of the type described in Box 2.3 but the Board is of the opinion that it does not compromise the independence of the Director, the nature of the interest, position or relationship in question and an explanation of why the Board is of that opinion; and c) the length of service of each Director. 	<p>The names of Directors considered by the Board to be independent, and the length of service of each Director, is disclosed in the Directors' Report each year.</p> <p>The Board regularly assesses the materiality of any interest, position or relationship each non-executive Director has with Servcorp to determine whether it may interfere with the Director's capacity to bring independent judgement to bear on issues or to act in the best interest of Servcorp and its shareholders.</p> <p>Details of related party transactions are disclosed in note 27 to the Consolidated financial report.</p>
<p>Recommendation 2.4</p>	
<p>A majority of the Board of a listed entity should be independent Directors.</p>	<p>The Board has a majority of independent Directors.</p>
<p>Recommendation 2.5</p>	
<p>The chair of the Board of a listed entity should be an independent Director and, in particular, should not be the same person as the CEO of the entity.</p>	<p>The chair is an independent Director. The roles of chair and Managing Director/ CEO are not exercised by the same individual.</p>
<p>Recommendation 2.6</p>	
<p>A listed entity should have a program for inducting new Directors and for periodically reviewing whether there is a need for existing Directors to undertake professional development to maintain the skills and knowledge needed to perform their role as Directors effectively.</p>	<p>All newly appointed Directors must undertake an induction program. Servcorp encourages appropriate professional development opportunities to develop and maintain the skills and knowledge required by Directors.</p>

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<p>Principle 3 Instil a culture of acting lawfully, ethically and responsibly <i>A listed entity should instil and continually reinforce a culture across the organisation of acting lawfully, ethically and responsibly.</i></p>	
<p>Recommendation 3.1</p>	
<p>A listed entity should articulate and disclose its values.</p>	<p>Servcorp has an approved statement of values. The statement of values is included in Servcorp's Code of Conduct.</p>
<p>Recommendation 3.2</p>	
<p>A listed entity should:</p> <ul style="list-style-type: none"> a) have and disclose a code of conduct for its Directors, senior executives and Team members; and b) ensure that the Board or a committee of the Board is informed of any material breaches of that code. 	<p>Servcorp has a code of conduct, which all Directors, executives and team members are expected to uphold and promote. It guides compliance with legal requirements and expected standards of behaviour.</p> <p>Any material breaches are reported to the Board.</p> <p>Servcorp's code of conduct is included in online resources, which provide continual education for all team members. The Code of Conduct is available on Servcorp's website; servcorp.com.au/en/about-us/corporate-governance/</p>
<p>Recommendation 3.3</p>	
<p>A listed entity should:</p> <ul style="list-style-type: none"> a) have and disclose a whistleblower policy; and b) Ensure that the Board or a committee of the Board is informed of any material incidents reported under that policy. 	<p>Servcorp has a whistleblower policy.</p> <p>Any material breaches are reported to the Board.</p> <p>The Whistleblower policy is available on Servcorp's website; servcorp.com.au/en/about-us/corporate-governance/</p>
<p>Recommendation 3.4</p>	
<p>A listed entity should:</p> <ul style="list-style-type: none"> a) have and disclose an anti-bribery and corruption policy; and b) ensure that the Board or a committee of the Board is informed of any material breaches of that policy. 	<p>Servcorp has an approved anti-bribery and corruption policy.</p> <p>The policy is included as part of Servcorp's Code of Conduct.</p> <p>Any material breaches are reported to the Board.</p>

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<p>Principle 4 Safeguard the integrity of corporate reports <i>A listed entity should have appropriate processes to verify the integrity of its corporate reports.</i></p>	
<p>Recommendation 4.1</p>	
<p>The Board of a listed entity should:</p> <p>a) have an audit nomination committee which:</p> <ol style="list-style-type: none"> (1) has at least three members, all of whom are non-executive Directors and a majority of whom are independent Directors; and (2) is chaired by an independent Director, who is not the chair of the Board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or <p>b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>The Board has established an audit committee:</p> <ol style="list-style-type: none"> (1) all three members are independent non-executive Directors; (2) the chair of the committee is independent, and is not the chair of the Board; (3) the committee charter is available on Servcorp's website; servcorp.com.au/en/about-us/corporate-governance/ (4) the relevant qualifications and experience of the members of the committee are provided in the annual report; (5) the number of times the committee meets during each year, and the attendance at meetings, is disclosed in the annual report.
<p>Recommendation 4.2</p>	
<p>The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>The CEO and CFO provide such assurances.</p>
<p>Recommendation 4.3</p>	
<p>A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.</p>	<p>Any periodic corporate report that is not audited, is reviewed by the Board prior to release to the market, to verify the integrity of information contained in the report.</p>

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Principle 5 Make timely and balanced disclosure <i>A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.</i>	
Recommendation 5.1	
A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.	Servcorp has established a continuous disclosure compliance plan. The Board and management continually monitor information and events and their obligation to report any matters. Responsibility for communications to the ASX on all material matters rests with the Company Secretary following consultation with the Chair and Managing Director.
Recommendation 5.2	
A listed entity should ensure that the Board receives copies of all material market announcements promptly after they have been made.	All market announcements are approved by the Board prior to release. Copies are provided to all Directors following release.
Recommendation 5.3	
A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.	Servcorp releases any substantive presentation materials on the ASX Market Announcements Platform prior to any presentation being held.

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<p>Principle 6 Respect the rights of security holders <i>A listed entity should provide its security holders with appropriate information and facilities to allow them to exercise their rights as security holders effectively.</i></p>	
<p>Recommendation 6.1</p>	
<p>A listed entity should provide information about itself and its governance to investors via its website.</p>	<p>Servcorp has a corporate governance page on its website. This page includes copies of Servcorp's annual reports, annual and half-year financial reports, announcements to ASX and other governance documents.</p>
<p>Recommendation 6.2</p>	
<p>A listed entity should have an investor relations program that facilitates effective two-way communication with investors.</p>	<p>Servcorp aims to communicate clearly and transparently with shareholders and the community. Servcorp actively engages with security holders by holding briefings following the release of annual and half-year results, the time and location of which are notified to the market. Servcorp also meets with investors upon request and responds to any enquiries made from time to time.</p>
<p>Recommendation 6.3</p>	
<p>A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.</p>	<p>Servcorp's annual general meeting is made available by webinar and phone conference. Shareholders are invited to submit questions prior to the meeting. All shareholders are given a reasonable opportunity to ask questions at the annual general meeting and are encouraged to participate. This includes shareholders present at the meeting and those attending by webinar or phone conference.</p>
<p>Recommendation 6.4</p>	
<p>A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.</p>	<p>The chair of the meeting may hold a poll where proxy votes lodged at proxy close are not conclusive.</p>
<p>Recommendation 6.5</p>	
<p>A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	<p>All shareholders are given the option to receive communications from, and send communications to, Servcorp and its security registry electronically.</p>

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<p>Principle 7 Recognise and manage risk <i>A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.</i></p>	
<p>Recommendation 7.1</p>	
<p>The Board of a listed entity should:</p> <p>a) have a committee or committees to oversee risk, each of which:</p> <ul style="list-style-type: none"> (1) has at least three members, a majority of whom are independent Directors; and (2) is chaired by an independent Director, <p>and disclose:</p> <ul style="list-style-type: none"> (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or <p>b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>Servcorp has a combined audit and risk committee.</p> <p>Responses to recommendation 7.1 are provided in recommendation 4.1 for the audit committee.</p>
<p>Recommendation 7.2</p>	
<p>The Board or a committee of the Board should:</p> <p>a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the Board; and</p> <p>b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>The committee reviews Servcorp's risk management strategy, its adequacy and effectiveness, and the communication of risks to the Board. Risk is considered, within the risk appetite set by the Board, across the financial, operational and organisational aspects of Servcorp's affairs. A review is undertaken in each reporting period.</p> <p>The committee is satisfied that management have a culture of risk control and are continually monitoring the infrastructure of this culture. Although not all policies have been formally documented, the identified risks are tightly controlled, and being managed effectively. The committee works with management to ensure continuous improvement to the risk management and internal control systems. Servcorp is heavily reliant on financial controls and senior executive controls. Day to day responsibility is delegated to the CEO and senior management, who are responsible for:</p> <ul style="list-style-type: none"> • identification of risk; • monitoring risk; • communication of risk events to the Board; and • responding to risk events, with Board authority.

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Recommendation 7.3	
<p>A listed entity should disclose:</p> <p>a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.</p>	<p>Servcorp does not have a formal internal audit function, however Servcorp has:</p> <ul style="list-style-type: none">• a diversified business;• many individual floors run by a small team;• tight accounting policies over those floors;• tight cash control over the whole business;• central oversight by head office with systems in place to enable this oversight; and• regular visits and spot checks by business and financial management to all locations. <p>As such, there is a process creating a control framework without a specified, dedicated internal control function.</p>
Recommendation 7.4	
<p>A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.</p>	<p>The Board has reviewed and assessed Servcorp's exposure to environmental and social risks, and the application of materiality and risk management processes.</p> <p>Servcorp operates in 20 countries, and as such has economic exposure to the global marketplace.</p> <p>The Board considers that Servcorp does not have any material exposure to economic, environmental or social sustainability risk within the meaning of the guidelines.</p>

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<p>Principle 8 Remunerate fairly and responsibly <i>A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders and with the entity's values and risk appetite.</i></p>	
<p>Recommendation 8.1</p>	
<p>The Board of a listed entity should:</p> <p>a) have a remuneration committee which:</p> <ul style="list-style-type: none"> (1) has at least three members, a majority of whom are independent Directors; and (2) is chaired by an independent Director, <p>and disclose:</p> <ul style="list-style-type: none"> (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or <p>b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>The Board has established a remuneration committee.</p> <ul style="list-style-type: none"> (1) all three current members of the committee are independent non-executive Directors; (2) the chair of the committee is an independent non-executive Director; (3) the committee charter is available on Servcorp's website; servcorp.com.au/en/about-us/corporate-governance/ (4) the members of the committee are disclosed in the annual report each year; (5) the number of times the committee meets during each year, and the attendance at meetings, is disclosed in the annual report.
<p>Recommendation 8.2</p>	
<p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive Directors and the remuneration of executive Directors and other senior executives.</p>	<p>This information is provided in the remuneration report in the annual report.</p>
<p>Recommendation 8.3</p>	
<p>A listed entity which has an equity-based remuneration scheme should:</p> <ul style="list-style-type: none"> a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and b) disclose that policy or a summary of it. 	<p>Servcorp has an Employee Incentives Plan.</p> <p>Servcorp's Securities Trading Policy prohibits participants from entering into an arrangement that would have the effect of limiting their exposure to risk relating to an element of their remuneration that either has not vested or has vested but remains subject to a holding lock ("hedging transactions"). The policy is available on the Servcorp's website; servcorp.com.au/en/about-us/corporate-governance/</p>